

Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name NAPOLEON TOWNSHIP	County JACKSON
Fiscal Year End 06/30/2005	Opinion Date 03/24/2006	Date Audit Report Submitted to State 05/12/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

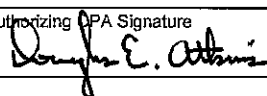
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) MARKOWSKI & COMPANY CPAs		Telephone Number (517) 782-9351		
Street Address 2880 SPRING ARBOR RD		City JACKSON	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name DOUGLAS E. ATKINS		License Number 1101016353

NAPOLEON TOWNSHIP
JACKSON COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005

NAPOLEON TOWNSHIP
ANNUAL FINANCIAL REPORT

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MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

INDEPENDENT AUDITOR'S REPORT

Napoleon Township Board
Napoleon, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Napoleon Township, Michigan, (the "Township") as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

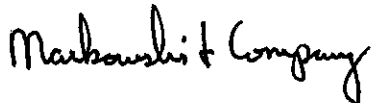
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major funds, and the aggregate remaining fund information of the Township at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has elected not to present Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be a part of, the basic financial statements.

Napoleon Township Board
Napoleon, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



MARKOWSKI & COMPANY CPAs
March 24, 2006

NAPOLEON TOWNSHIP

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

NAPOLEON TOWNSHIP

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

STATEMENT OF ACTIVITIES

NAPOLEON TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,132,108	\$ 688,989	\$ 1,821,097
Investments	-	320,000	320,000
Accounts receivable	576	119,970	120,546
Prepaid expenses	38,850	-	38,850
Internal balances	(771)	771	-
Due from other governments	192,161	-	192,161
Special assessments receivable - Current	-	202,606	202,606
Total current assets	1,362,924	1,332,336	2,695,260
NONCURRENT ASSETS:			
Capital assets not being depreciated	136,096	34,450	170,546
Capital assets being depreciated, net	2,994,648	6,998,711	9,993,359
Intergovernmental receivable	-	558,879	558,879
Special assessments receivable - Long Term	-	2,635,287	2,635,287
Bond issuance costs	73,475	-	73,475
Total noncurrent assets	3,204,219	10,227,327	13,431,546
Total assets	4,567,143	11,559,663	16,126,806
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	73,294	16,631	89,925
Due to other governments	1,915	-	1,915
Long -term debt payable - Current portion	120,000	241,825	361,825
Accrued interest payable	26,767	51,451	78,218
Accrued payroll	1,843	-	1,843
Accrued leave payable	27,686	-	27,686
Deferred revenue	-	27,585	27,585
Total current liabilities	251,505	337,492	588,997
NONCURRENT LIABILITIES:			
Long -term debt payable - Net of current portion	2,893,333	3,904,105	6,797,438
Total liabilities	3,144,838	4,241,597	7,386,435
NET ASSETS			
Invested in capital assets, net of related debt	117,411	2,887,231	3,004,642
Restricted	10,006	3,652,826	3,662,832
Unrestricted	1,294,888	778,009	2,072,897
Total net assets	\$ 1,422,305	\$ 7,318,066	\$ 8,740,371

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Legislative	\$ 44,476	\$ -	\$ -	\$ -
General government	404,513	73,648	1,486	-
Public safety	605,183	131,114	101,221	-
Community planning	39,415	11,778	-	-
Public works	27,944	-	3,631	-
Recreational and cultural	3,702	-	-	-
Other functions	637	-	-	-
Interest on long term debt	173,291	-	-	-
Total governmental activities	1,299,161	216,540	106,338	-
Business-type activities				
Sewer	423,294	308,387	-	15,139
Water	60,685	31,669	-	2,650
Total business-type activities	483,979	340,056	-	17,789
Total government	\$ 1,783,140	\$ 556,596	\$ 106,338	\$ 17,789

General revenues:
Property taxes
State-shared revenues
Interest and rental income
Franchise fees
Other income
Total general revenues

Change in net assets
Net assets - Beginning
Net assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (44,476)	\$ -	\$ (44,476)
(329,379)	-	(329,379)
(372,848)	-	(372,848)
(27,637)	-	(27,637)
(24,313)	-	(24,313)
(3,702)	-	(3,702)
(637)	-	(637)
(173,291)	(226,725)	(400,016)
(976,283)	(226,725)	(1,203,008)
-	(99,768)	(99,768)
-	(26,366)	(26,366)
-	(126,134)	(126,134)
(976,283)	(352,859)	(1,329,142)
469,311	-	469,311
470,022	-	470,022
25,827	211,924	237,751
25,766	-	25,766
34,857	-	34,857
1,025,783	211,924	1,237,707
49,500	(140,935)	(91,435)
1,372,805	7,459,001	8,831,806
\$ 1,422,305	\$ 7,318,066	\$ 8,740,371

NAPOLEON TOWNSHIP
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND BALANCE SHEET

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUND

NAPOLEON TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2005

	GENERAL FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and cash equivalents	\$ 671,610	\$ 135,321	\$ 325,177	\$ 1,132,108
Accounts receivable	-	-	-	-
Prepaid expenses	38,850	-	-	38,850
Due from other funds	211	-	500	711
Due from other governments	192,161	-	-	192,161
Total assets	<u>902,832</u>	<u>135,321</u>	<u>325,677</u>	<u>1,363,830</u>
LIABILITIES:				
Accounts payable	41,673	-	3,080	44,753
Accrued payroll	1,843	-	-	1,843
Due to other funds	10,839	18,608	-	29,447
Due to other governments	1,915	-	-	1,915
Total liabilities	<u>56,270</u>	<u>18,608</u>	<u>3,080</u>	<u>77,958</u>
FUND BALANCES:				
Designated	-	-	195,633	195,633
Reserved	44,106	116,713	4,750	165,569
Unreserved and undesignated	802,456	-	122,214	924,670
Total fund balances	<u>\$ 846,562</u>	<u>\$ 116,713</u>	<u>\$ 322,597</u>	<u>\$ 1,285,872</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2005

Total fund balance - total governmental funds	\$ 1,285,872
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	
Add - Capital assets	4,374,448
Deduct - Accumulated depreciation	(1,243,704)
The issuance costs of the Township Hall construction bonds were expensed when paid in the governmental fund statements. These costs are capitalized and written off over the life of the bonds in the statement of net assets.	
Add - Bond issuance costs	91,847
Deduct - Accumulated amortization	(18,372)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(3,013,333)
Interest on long term debt is reported on the accrual basis in the government-wide statements; unpaid interest not due during the current period is not reported on the governmental fund statements.	(26,767)
Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	(27,686)
Net assets of governmental activities	<u><u>\$ 1,422,305</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 221,847	\$ 247,464	\$ -	\$ 469,311
Licenses and permits	26,313	-	68,921	95,234
Intergovernmental	576,360	-	-	576,360
Charges for services	121,908	-	-	121,908
Fines and forfeitures	25,711	-	-	25,711
Interest and rents	17,589	2,325	5,913	25,827
Other	7,097	-	27,213	34,310
Total revenues	996,825	249,789	102,047	1,348,661
EXPENDITURES:				
Current:				
Legislative	44,476	-	-	44,476
General government	300,044	-	-	300,044
Public safety	472,316	-	68,058	540,374
Community planning and development	39,415	-	-	39,415
Public works	2,704	-	25,240	27,944
Recreational and cultural	1,675	-	639	2,314
Other functions	-	-	637	637
Capital outlay	107,850	-	-	107,850
Debt service	22,358	267,547	-	289,905
Total expenditures	990,838	267,547	94,574	1,352,959
EXCESS (DEFICIENCY) OF REVENUES REVENUES OVER EXPENDITURES	5,987	(17,758)	7,473	(4,298)
OTHER FINANCING SOURCES (USES):				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Proceeds from long term debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	5,987	(17,758)	7,473	(4,298)
FUND BALANCE - Beginning	840,575	134,471	315,124	1,290,170
FUND BALANCE - End of year	\$ 846,562	\$ 116,713	\$ 322,597	\$ 1,285,872

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds	\$ (4,298)
--	------------

Amounts reported for governmental activities in the statement of activities
are different because:

Government funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets purchased in the current period.	107,850
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(170,123)
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Earned leave expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.	(543)
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Costs related to the issuance of the Township Hall construction bonds were expensed when paid in the governmental fund financial statements. These costs are capitalized and written off over the life of the bonds in the government-wide statements.	(4,593)
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Interest on long term debt is reported as an expenditure when paid; the government-wide statements accrue the interest payable between the scheduled payments. The current year change in accrued interest payable is	1,207
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The payments of long term debt consumes the current financial resources of governmental funds, and is reported as an expenditure. These payments reduce the liability on the government-wide financial statements.	<div style="border-top: 1px solid black; border-bottom: 3px double black;">120,000</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 49,500</div>
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The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 91,612	\$ 317,257	\$ 215,824
Investments	320,000	-	-
Accounts receivable	7,919	7,737	5,630
Interest Receivable	1,634	-	-
Special assessments receivable - Current	53,400	148,122	-
Due from other funds	1,549	91,586	-
Total current assets	476,114	564,702	221,454
NONCURRENT ASSETS:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	1,238,123	3,700,805	556,065
Intergovernmental receivable	-	558,879	-
Special assessments receivable - Long Term	746,489	1,887,127	-
Total noncurrent assets	1,984,612	6,146,811	556,065
Total assets	2,460,726	6,711,513	777,519
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	5,982	6,276	3,589
Capital lease payable - Current portion	50,000	191,825	-
Accrued interest payable	7,739	43,712	-
Due to other funds	-	919	-
Deferred revenue	8,629	9,510	6,814
Total current liabilities	72,350	252,242	10,403
NONCURRENT LIABILITIES:			
Capital lease payable - Long term portion	950,000	2,954,105	-
Total noncurrent liabilities	950,000	2,954,105	-
Total liabilities	1,022,350	3,206,347	10,403
NET ASSETS			
Invested in capital assets, net of related debt	238,123	554,875	556,065
Restricted for Capital Lease Retirement	806,282	2,846,544	-
Unrestricted	393,971	103,747	211,051
Total net assets	\$ 1,438,376	\$ 3,505,166	\$ 767,116

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTAL
\$ 624,693	\$ 64,296	\$ 688,989
320,000	-	320,000
21,286	5,605	26,891
1,634	-	1,634
201,522	1,084	202,606
93,135	-	93,135
1,262,270	70,985	1,333,255
-	34,450	34,450
5,494,993	1,503,718	6,998,711
558,879	-	558,879
2,633,616	1,671	2,635,287
8,687,488	1,539,839	10,227,327
9,949,758	1,610,824	11,560,582
15,847	784	16,631
241,825	-	241,825
51,451	-	51,451
919	-	919
24,953	2,632	27,585
334,995	3,416	338,411
3,904,105	-	3,904,105
3,904,105	-	3,904,105
4,239,100	3,416	4,242,516
1,349,063	1,538,168	2,887,231
3,652,826	-	3,652,826
708,769	69,240	778,009
\$ 5,710,658	\$ 1,607,408	\$ 7,318,066

NAPOLEON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
THE YEAR ENDED JUNE 30, 2005

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
OPERATING REVENUES:			
Charges for services:			
Usage	\$ 103,714	\$ 114,407	\$ 81,946
Other:			
Penalties	2,244	1,286	928
Miscellaneous	3,862	-	-
Total other revenue	6,106	1,286	928
Total operating revenues	109,820	115,693	82,874
OPERATING EXPENSES:			
Operating supplies	-	-	-
Administrative and legal	13,797	19,230	14,378
Printing and publications	-	-	-
Insurance and bonds	496	262	374
Utilities	1,814	1,850	1,738
Treatment/transportation fees	53,383	79,884	23,958
Connections	9,061	8,195	844
Repairs and maintenance	24,931	-	5,327
Depreciation	34,407	100,022	27,911
Miscellaneous	314	1,118	-
Total operating expenses	138,203	210,561	74,530
OPERATING INCOME (LOSS)	(28,383)	(94,868)	8,344
NONOPERATING REVENUES (EXPENSES):			
Interest income	58,757	149,212	2,761
Interest expenses	(49,287)	(177,438)	-
Net nonoperating revenues (expenses)	9,470	(28,226)	2,761
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIO	(18,913)	(123,094)	11,105
CAPITAL CONTRIBUTIONS	12,744	1,195	1,200
CHANGE IN NET ASSETS	(6,169)	(121,899)	12,305
NET ASSETS - Beginning of year	1,444,545	3,627,065	754,811
NET ASSETS - End of year	\$ 1,438,376	\$ 3,505,166	\$ 767,116

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTALS
\$ 300,067	\$ 31,224	\$ 331,291
4,458	445	4,903
3,862	-	3,862
8,320	445	8,765
308,387	31,669	340,056
-	2,090	2,090
47,405	5,990	53,395
-	-	-
1,132	646	1,778
5,402	1,624	7,026
157,225	-	157,225
18,100	-	18,100
30,258	14,310	44,568
162,340	35,843	198,183
1,432	182	1,614
423,294	60,685	483,979
(114,907)	(29,016)	(143,923)
210,730	1,194	211,924
(226,725)	-	(226,725)
(15,995)	1,194	(14,801)
(130,902)	(27,822)	(158,724)
15,139	2,650	17,789
(115,763)	(25,172)	(140,935)
5,826,421	1,632,580	7,459,001
\$ 5,710,658	\$ 1,607,408	\$ 7,318,066

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 108,547	\$ 112,176	\$ 82,165
Cash payments for goods and services	(112,249)	(112,594)	(52,726)
Net cash from operating activities	(3,702)	(418)	29,439
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental receivable	-	348,913	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Special assessment installments collected	140,525	278,304	1,200
Principal payments	(50,000)	(191,825)	-
Interest payments	(49,850)	(180,028)	-
Purchases of capital assets	-	-	-
Net cash from capital and related financing activities	40,675	(93,549)	1,200
CASH FLOWS FROM INVESTING ACTIVITIES:			
Receipt of interest	5,056	1,434	2,761
Proceeds from investments	-	-	-
Purchase of investments	(320,000)	-	-
Net cash from investing activities	(314,944)	1,434	2,761
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(277,971)	256,380	33,400
CASH AND CASH EQUIVALENTS - Beginning of year	369,583	60,877	182,424
CASH AND CASH EQUIVALENTS - End of year	\$ 91,612	\$ 317,257	\$ 215,824

The notes to the financial statements are an integral part of this statement.

<u>SEWER</u>		
<u>TOTAL</u>	<u>WATER #1</u>	<u>TOTAL</u>
\$ 302,888	\$ 30,489	\$ 333,377
(277,569)	(24,656)	(302,225)
25,319	5,833	31,152
348,913	-	348,913
420,029	3,569	423,598
(241,825)	-	(241,825)
(229,878)	-	(229,878)
-	-	-
(51,674)	3,569	(48,105)
9,251	1,194	10,445
-	-	-
(320,000)	-	(320,000)
(310,749)	1,194	(309,555)
11,809	10,596	22,405
612,884	53,700	666,584
\$ 624,693	\$ 64,296	\$ 688,989

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
A reconciliation of income from operations to net cash from operating activities is as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (28,383)	\$ (94,868)	\$ 8,344
Adjustments to reconcile operating income to net cash from operating activities -			
Depreciation	34,407	100,022	27,911
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(1,173)	(2,467)	(672)
Due from other funds	341	-	-
(Decrease) increase in liabilities:			
Accounts payable	(6,584)	(2,055)	(4,113)
Due to other funds	(1,869)	(1,782)	(1,994)
Due to other governments	-	-	-
Deferred revenue	819	732	(37)
Net cash from operating activities	\$ (2,442)	\$ (418)	\$ 29,439

The notes to the financial statements are an integral part of this statement.

<u>SEWER</u>		
<u>TOTAL</u>	<u>WATER #1</u>	<u>TOTAL</u>
\$ (114,907)	\$ (29,016)	\$ (143,923)
162,340	35,843	198,183
(4,312)	(308)	(4,620)
341	-	341
(12,752)	186	(12,566)
(5,645)	(872)	(6,517)
-	-	-
1,514	-	1,514
<u>\$ 26,579</u>	<u>\$ 5,833</u>	<u>\$ 32,412</u>

NAPOLEON TOWNSHIP
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	PENSION FUND	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 23,064
Investments - At fair value	1,469,420	-
Due from other funds	-	28,541
Due from other governments	-	69,524
Total assets	<u>1,469,420</u>	<u>\$ 121,129</u>
 LIABILITIES		
Accounts payable	-	\$ 2,449
Due to other funds	-	92,021
Due to others	-	6,280
Due to other governments	-	20,379
Deferred revenue	-	-
Total liabilities	<u>-</u>	<u>\$ 121,129</u>
 NET ASSETS		
Held in trust for pension benefits	<u>\$ 1,469,420</u>	

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30 2005

	PENSION TRUST FUND
OPERATING REVENUES:	
Investment income	\$ 131,919
Employee contributions	25,128
Employer contributions	32,733
Total operating revenues	<u>189,780</u>
OPERATING EXPENSES:	
Asset management fees	11,406
Employee withdrawals	38,245
Total operating expenses	<u>49,651</u>
NET INCOME	140,129
FUND BALANCE - Beginnng of year	<u>1,329,291</u>
FUND BALANCE - End of year	<u><u>\$ 1,469,420</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

NAPOLEON TOWNSHIP
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NAPOLEON TOWNSHIP
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NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

The accounting methods and procedures adopted by Napoleon Township conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. DESCRIPTION OF TOWNSHIP OPERATIONS:

Napoleon Township was organized in 1833 and is located in the eastern section of Jackson County, Michigan. The Township was organized under the Constitution and Statutes of the State of Michigan and provides services to its approximately 7,000 residents in many areas, including law enforcement, fire protection, water and sewer operations, community enrichment and development, human services, and general administrative services.

B. REPORTING ENTITY:

Napoleon Township is a municipal corporation governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present the Township and all entities for which the government is considered financially accountable (component units). Napoleon Township had no component units during the year ended June 30, 2005.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as a separate column in the fund financial statements.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Building Debt Service Fund* accounts for the servicing of general long-term bonds issued to finance construction and equipping a Township administration/police/fire/library complex.

The Township reports the following nonmajor funds:

The *Cemetery Expansion Special Revenue Fund* accounts for resources received from the sale of lots in the Township's Oak Grove Cemetery.

The *Improvement Revolving Special Revenue Fund* accounts for all resources set aside for future capital improvements.

The *Building Code Enforcement Special Revenue Fund* accounts for all activities of the building department. This fund was established to facilitate compliance with Michigan Public Act 245 of 1999, which requires that fees charged bear a reasonable relationship to the costs of operating a building department.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The *Street Lighting Special Revenue Fund* accounts for the costs of lighting certain portions of the Township, and the special assessments levied upon benefiting property owners to finance these districts.

The *Cemetery Urn Special Revenue Fund* accounts for the fund paid by lot owners restricted to purchasing flowers for display on Memorial Day annually, in perpetuity. The original amount of these funds, \$4,750, may not be spent and is accordingly shown as reserved fund balance in these financial statements; only the interest generated by these funds may be used.

The *Memorial Special Revenue Fund* accounts for donations received by the Township in memory of local residents. These funds are to be spent only on the police or fire departments, per donor instructions.

The *Parks Endowment Special Revenue Fund* accounts for funds donated to the Township to maintain, improve or expand recreational facilities within the Township.

The Township reports the following major proprietary funds:

The Sewer and Water Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Township also reports the following fund types:

The *Pension Trust Fund* accounts for the activity of the Township's defined contribution retirement plan, which accumulates resources for retirement, benefit payments to qualified Township employees.

The *Agency Funds – Trust and Agency* and *Current Tax Funds* – account for assets held for other governments and individuals in an agency capacity.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards issued by the GASB. The Township has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer and water function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes levied by the Township.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for services provided. The Sewer and Water Funds also recognize the portion of tap on fees intended to recover current costs (e.g. the labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as capital grants and contributions. Operating costs for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is generally the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY

1. DEPOSITS AND INVESTMENTS

The Township reports cash on hand, demand deposit bank accounts, short term investments with an original maturity of three months or less from the date of acquisition as *cash and cash equivalents*. Financial instruments not meeting these criteria are reported as *investments*. The Township reports investments at their fair value.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY

2. RECEIVABLES AND PAYABLES

In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

The Township has not established a reserve for uncollectible accounts based on its past experience.

3. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses in both government-wide and fund financial statements.

4. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Township policy as assets with an individual cost or value of \$3,000 or more when acquired and a useful three years or more. Purchased assets are recorded at their actual costs. Donated capital assets are reported at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the following useful lives:

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)

4. CAPITAL ASSETS (Continued)

Assets	Years
Land and Improvements	10-20
Building and Improvements	10-40
Sewer and Water Systems	10-50
Machinery and equipment	5-20
Office Equipment	5
Vehicles	5-20

Depreciation is allocated to the appropriate function in the government-wide financial statements. Assets such as the municipal building, which is a multi-function facility, are allocated to the general government function.

5. ACCRUED LEAVE PAYABLE:

The Township policy is to accrue unused sick pay for all employees. However, at the end of the fiscal year, all accumulated sick leave is paid to the employees at half their regular rate of pay. Any unused vacation pay at the fiscal year end is forfeited by the employees. At the time the current policy was adopted, all employees with accumulated sick time were allowed to bank it. Such time may be used to supplement the annual allowance, or upon termination be paid to the employee at one-half the current rate of pay. A liability for this bank has been established in the government-wide financial statements.

6. DEFERRED REVENUE:

Deferred revenue is reported in the proprietary funds to reflect the fact that quarterly utility billings include the month of July, which is part of the next fiscal year.

7. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other obligations are reported as liabilities in the appropriate governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. These costs are reported net of accumulated amortization as bond issuance costs.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, as expenditures during the period incurred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are recognized as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation (e.g. prepaid expenses) or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. COMPARATIVE DATA

Comparative data for the prior year has been presented in the individual fund financial statements included in the accompanying additional information in order to facilitate analysis of the fund's financial position and results of operations. This information was taken from the audited financial statements for the year ended June 30, 2004.

10. ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. BUDGETARY INFORMATION:

Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts included in the financial statements are as originally adopted, and the final amended budget adopted by the Township Board. Budget amendments may be adopted by a simple majority vote of the Board at any open meeting of the Board. All appropriations lapse at the end of the fiscal year.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Public Act #621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds (General Operating and Special Revenue Funds) have been shown on a functional basis. The approved budgets of the Township for these funds were adopted to the departmental level. For the year ended June 30, 2005, the Township incurred expenditures in the budgetary funds which were in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Zoning and Planning	\$ 38,867	\$ 39,415	\$ (548)
Capital Outlay	3,660	107,850	(104,190)
Debt Service	22,357	22,358	(1)
Street Lighting Fund	-	25,240	(25,240)
Cemetery Urn Fund	-	637	(637)
Parks Endowment Fund	-	639	(639)

NOTE 3 - DEPOSITS AND INVESTMENTS:

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 1,821,097
Investments	320,000
Fiduciary Funds:	
Cash and cash equivalents	23,064
Investments	-
	<u><u>\$ 2,164,161</u></u>

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – DEPOSITS AND INVESTMENTS: (Continued)

State statutes and Township policy authorize the Township to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority and Township policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Township minimizes this risk by investing in shorter term securities and holding them to maturity.

The investments at June 30, 2005 consist of certificates of deposit with original maturities of more than 90 days, and various investments held by the Pension Trust Fund.

Concentration of Credit Risk

The Township's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The cash accounts are held at two local financial institutions. \$218,614 of the cash is covered by FDIC insurance; the remaining \$1,625,447 is uninsured.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Township's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – CASH AND INVESTMENTS: (Continued)

Cash and cash equivalents of the Township can be categorized as follows:

	Carrying Amount	Bank Balance
Cash on hand	\$ 100	\$ -
Insured (FDIC)	218,614	218,614
Uninsured and uncollateralized	1,625,447	1,698,395
	<u>\$ 1,844,161</u>	<u>\$ 1,917,009</u>
Reported in financial statements:		
Governmental Funds	\$ 1,132,108	
Proprietary Funds (Business-type)	688,989	
Fiduciary Funds	23,064	
	<u>\$ 1,844,161</u>	

The Proprietary Fund investments consist of a six month certificate of deposit with a carrying amount and bank balance of \$320,000. This investment is uninsured and uncollateralized.

Investments of the Pension Trust Fund have not been categorized for disclosure purposes.

NOTE 4 - INTERFUND RECEIVABLES AND TRANSFERS:

The amount of interfund receivables and payables at June 30, 2005 are as follows:

Fund	Receivable	Fund	Payable
General Fund	\$ 211	Debt Service Fund	\$ 135
		Trust & Agency Fiduciary Fund	76
	<u>211</u>		<u>211</u>
Street Light Fund	<u>500</u>	Current Tax Fiduciary Fund	<u>500</u>
Sewer District #1 Fund	1,549	Sewer District #2 Fund	919
		Current Tax Fiduciary Fund	630
	<u>1,549</u>		<u>1,549</u>
Sewer District #2 Fund	91,586	General Fund	771
		Current Tax Fiduciary Fund	90,815
	<u>91,586</u>		<u>91,586</u>
Current Tax Fiduciary Fund	28,541	General Fund	10,068
		Debt Service Fund	18,473
	<u>28,541</u>		<u>28,541</u>
	<u>\$ 122,387</u>		<u>\$ 122,387</u>

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - INTERFUND RECEIVABLES AND TRANSFERS: (Continued)

There were no interfund transfers during the year ended June 30, 2005.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year is summarized below:

Asset Category	Balance 6/30/04	Additions	Disposals	Balance 6/30/05
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 136,096	\$ -	\$ -	\$ 136,096
Capital assets, being depreciated:				
Land improvements	135,367	-	-	135,367
Building and improvements	2,182,620	-	-	2,182,620
Machinery and equipment	528,823	107,850	-	636,673
Office equipment	226,031	-	-	226,031
Vehicles	1,057,661	-	-	1,057,661
Total capital assets being depreciated	4,130,502	107,850	-	4,238,352
Less - Accumulated Depreciation:				
Land improvements	\$ (21,022)	\$ (7,641)	\$ -	\$ (28,663)
Building and improvements	(206,538)	(67,432)	-	(273,970)
Machinery and equipment	(363,442)	(36,014)	-	(399,456)
Office equipment	(67,969)	(13,285)	-	(81,254)
Vehicles	(414,610)	(45,751)	-	(460,361)
Total accumulated depreciation	(1,073,581)	(170,123)	-	(1,243,704)
Total capital assets being depreciated, net	3,056,921	(62,273)	-	2,994,648
Capital assets, net	\$ 3,193,017	\$ (62,273)	\$ -	\$ 3,130,744

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS: (Continued)

Asset Category	Balance 6/30/04	Additions	Disposals	Balance 6/30/05
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 34,450	\$ -	\$ -	\$ 34,450
Capital assets, being depreciated:				
Sewer and Water Systems	8,589,538	-	-	8,589,538
Less - Accumulated Depreciation:	(1,392,644)	(198,183)	-	(1,590,827)
Total capital assets being depreciated, net	7,196,894	(198,183)	-	6,998,711
Capital assets, net	\$ 7,231,344	\$ (198,183)	\$ -	\$ 7,033,161

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 104,469
Public Safety	64,266
Recreational and Cultural	1,388
Total depreciation expense, governmental activities	\$ 170,123
Business-Type Activities:	
Sewer	\$ 162,340
Water	35,843
Total depreciation expense, business-type activities	\$ 198,183

NOTE 6 – INTERGOVERNMENTAL RECEIVABLE:

Under the terms of contracts, the Township sends all of its assessment collections from Sewer District #2 directly to the County. The Township retains ultimate responsibility for the debt to be retired by the assessments. These deposits are accounted for by the County in an account segregated for the retirement of the Wolf Lake Section construction bonds.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - SPECIAL ASSESSMENTS RECEIVABLE:

The Township allowed residents within the special assessment districts the option of paying over a twenty year period. Interest is charged at 1% over the average bond rate. No allowance for uncollectible accounts has been established as the assessments create a first lien against the assessed property. Past experience has indicated that the receivable will be completely collected.

NOTE 8 - LONG-TERM DEBT:

The Township issued bonds to provide for the acquisition and construction of its municipal building. These bonds are general obligation unlimited tax bonds, and pledge the full faith and credit of the Township. Installment purchase agreements used to finance a portion of a fire/rescue apparatus is also a general obligation of the Township.

The Township also financed the construction of sewer and water system assets through contractual agreements with Jackson County, Michigan. These agreements required the Township to pledge revenues generated by its sewer and water systems for repayment of the debt. Special assessments have been levied to provide the Township with the necessary cash flow to service these agreements.

Further detail of Township debt obligations follows:

A. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT:

General Obligation Bonds

In November 1999, township residents approved the issuance of general obligation unlimited tax bonds not to exceed \$3,215,000 to construct, equip, and furnish a fire, police and township facility and purchase one fire truck.

Bonds totaling \$3,215,000 dated September 1, 2000 were sold in September 2000. Principal payments are required annually, with semi-annual interest payments at rates ranging from 4.00% to 7.00%. The Township levies a special millage to retire these bonds.

Installment Purchase Agreement

During 2004, the Township entered into an installment purchase agreement with the manufacturer of fire apparatus. The Township financed \$100,000 of the purchase of its fire/rescue apparatus. The terms of the agreement call for fixed monthly principal payments of \$1,667 for sixty months, with interest on the unpaid balance at 2.80%. The Township intends to finance this debt with future state revenue sharing payments.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT: (Continued)

B. BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT:

Capital Leases Payable

The Township has financed the construction of sewer disposal facilities through the County of Jackson under lease obligations. The County has issued bonds and supervised the construction of the facilities. The Township leases the facilities, with payments due semi-annually in amounts necessary to cover the County's debt service requirements on the underlying bonds.

Currently, there are three such agreements which in place. The first, agreed to in 1975, was for construction of the Ackerson Lake area facilities referred to as Sewer District #9. Under the terms of this agreement, the Township makes annual principal payments, with semi-annual interest payments at rates ranging from 7.45% to 7.50%. The Township finances the repayment through quarterly billings to the system's users.

The second agreement, signed in June 2000, is for the construction of sewer disposal facilities in the unincorporated village area of the Township. Bonds totaling \$1,125,000 were sold by the County in July 2001. The debt was recognized by the Township upon the signing of the final agreement with the County, with a \$1,125,000 capital asset established at that time. Annual principal payments are required, along with semi-annual interest payments at rates ranging 3.80% to 6.75%. The Township will finance repayment of the lease through a special assessment (see Note 7).

The third agreement covers the Wolf Lake section sewer project accounted for as Sewer #2. This project encompasses parts of two townships. Napoleon Township is responsible for 76.73% of the total construction bonds issued by the County. This total, \$3,759,770, has been recognized, along with a corresponding sewer line asset. The Township will finance repayment of the lease through a special assessment (see Note 7).

The following is a summary of the Township's long-term debt transactions for governmental activities during the year ended June 30, 2005:

<u>Capital Lease Payable</u>	<u>Balance 6/30/04</u>	<u>New Issues</u>	<u>Payments</u>	<u>Balance 6/30/05</u>
Governmental Activities Long-Term Debt:				
General Obligation Bonds:				
1999 Municipal Building	\$ 3,040,000	\$ -	\$ (100,000)	\$ 2,940,000
Installment Purchase Agreement:				
2004 Fire Truck Purchase	93,333	-	(20,000)	73,333
Total governmental activities	\$ 3,133,333	\$ -	\$ (120,000)	\$ 3,013,333

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT: (Continued)

The following is a summary of the Township's long-term debt transactions for business-type activities during the year ended June 30, 2005:

	Balance 6/30/04	New Issues	Payments	Balance 6/30/05
Business-Type Long-Term Debt:				
Capital Leases Payable:				
Sewer District #1	\$ 1,050,000	\$ -	\$ (50,000)	\$ 1,000,000
Sewer District #2	3,337,755	-	(191,825)	3,145,930
Total business-type activities	\$ 4,387,755	\$ -	\$ (241,825)	\$ 4,145,930

Presented below is a summary of debt service requirements to maturity by years:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 135,000	\$ 148,809	\$ 241,825	\$ 216,097
2007	145,000	140,201	241,825	202,531
2008	170,000	132,139	241,825	190,081
2009	163,333	124,028	241,825	177,434
2010	150,000	116,238	241,825	164,786
2011-2015	950,000	418,188	1,430,037	609,860
2016-2020	1,300,000	175,000	1,506,768	218,888
	\$ 3,013,333	\$ 1,254,603	\$ 4,145,930	\$ 1,779,677

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - FUND EQUITY:

A. RESERVES AND DESIGNATIONS:

Board action and requirements of generally accepted accounting principles have reserved and designated portions of fund equity in certain funds, indicating the amount not available for funding current year's activities. These can be summarized as follows:

	General Fund	Debt Service	Special Revenue	Fiduciary Funds	Total
Designated:					
Public Safety projects	\$ -	\$ -	\$184,217	\$ -	\$ 184,217
Cemetery expansion	-	-	10,000	-	10,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$194,217</u>	<u>\$ -</u>	<u>\$ 194,217</u>

Reserved:

For Prepaid/Advance expenses	\$ 38,850	\$ -	\$ -	\$ -	\$ 38,850
Restricted by statute	5,256	-	-	-	5,256
Restricted for debt	-	116,713	-	-	116,713
Donor restricted	-	-	4,750	-	4,750
For Employee pensions	-	-	-	1,469,420	1,469,420
	<u>\$ 44,106</u>	<u>\$ 116,713</u>	<u>\$ 4,750</u>	<u>\$1,469,420</u>	<u>\$1,634,989</u>

NOTE 10 - PROPERTY TAXES:

Real and personal property taxes are levied on December 1st of each year, and are due to the Township by the last day of the following February. The Township is responsible for assessing, collecting and distributing property taxes in accordance with State law. Delinquent real property taxes are paid to the Township by Jackson County. Therefore, the General Fund reflects as revenues the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected, which does not materially differ from the full accrual method of revenue recognition.

The Township's operating tax rate for the year ended June 30, 2005 was .80660 mills, and its debt levy (for the Municipal Building bonds) was 1.23000 mills, both levied on property with a Taxable Value of \$185.8 million

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - PENSION PLAN:

The Township of Napoleon Group Pension Plan is a single employer public employee retirement system that administers the Township's defined contribution pension plan for all full-time salaried or clerical employees.

The financial statements of the Plan are included as a fiduciary fund of the Township. The Township is the only non-employee contributor to the pension plan. As of June 30, 2005, the pension plan's current membership was 16 (11 active and 5 inactive).

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account and the returns earned on investments of these contributions. Contributions made by an employee and contributions by the Township both vest immediately. Each employee may contribute 10% of his or her gross earnings to the pension plan. The Township is required to contribute an amount equal to 10% of the employee's gross earnings, and now contributes an additional 5% for certain employees, which previously was a mandatory employee contribution. Contributions are not reduced by plan charges.

During the year, the Township's required and actual contributions amounted to \$32,733, which was 11.72% of its current-year covered payroll. Employee's contributions amounted to \$25,128, which was 9.00% of the Township's current-year covered payroll.

Total payroll for the fiscal year ending June 30, 2005 was \$426,610 and total payroll subject to retirement benefits was \$279,202.

The pension plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

NOTE 12 - SEGMENT INFORMATION:

The Township maintains four Enterprise Funds, which provide sanitary sewage disposal services and water to a portion of Township residents. Because each of these funds is presented as a major fund in the proprietary fund financial statements, segment disclosures are not required.

NAPOLEON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2005, the Township carried commercial insurance to cover all risks of losses. The Township has had no settled claims resulting from these risks that exceeded commercial insurance coverage amounts in any of the past three fiscal years.

NOTE 14 - COMMITMENTS AND CONTINGENCIES:

A. DELINQUENT TAXES:

The Jackson County Treasurer establishes a Delinquent Tax Revolving Fund each year to pay for the uncollected real property taxes of the local taxing units (including Napoleon Township). If these taxes are not paid to the County Treasurer, the Township is ultimately responsible to reimburse the County Treasurer for the tax amount paid from the Revolving Fund, plus interest. It is approximately five years from the original tax delinquency to the chargeback by the County Treasurer.

For the year ended June 30, 2005, Napoleon Township received \$92,000 from the County's Delinquent Tax Revolving Fund. Taxes totaling \$900 were charged back during the fiscal year ended June 30, 2005.

B. CONTRACTUAL OBLIGATIONS -

During construction of Water and Sewer District #1, it was necessary for the Township to obtain easements for water mains and sewer lines. In addition to cash, the Township agreed to provide the property owner one direct two indirect connections to the sanitary sewage system. A liability has not been established for this on the Sewer Fund as it is difficult to determine the amount involved. The Township currently charges \$3,750 as its lowest connection fee, which indicates the liability could potentially exceed \$11,000.

C. ENVIRONMENTAL LIABILITIES -

Napoleon Township owns property which was formerly used as a landfill. This landfill has been inactive for several years, and the Township is unaware of any problems resulting from contamination.

NAPOLEON TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
BEGINNING FUND BALANCE	\$ 844,025	\$ 840,575	\$ 840,575	\$ -
RESOURCES (INFLOWS):				
Taxes	219,000	219,000	221,847	2,847
Licenses and permits	24,000	24,000	26,313	2,313
Intergovernmental	465,300	465,300	576,360	111,060
Charges for services	130,528	130,528	121,908	(8,620)
Fines and forfeitures	24,000	24,000	25,711	1,711
Interest and rents	17,500	17,500	17,589	89
Other	1,000	1,000	7,097	6,097
Proceeds from long term debt	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Operating transfers in	-	-	-	-
Amounts available for appropriation	1,725,353	1,721,903	1,837,400	115,497
CHARGES TO APPROPRIATIONS:				
Legislative	63,853	44,837	44,476	361
General government	306,029	319,910	300,044	19,866
Public safety	484,539	484,539	472,316	12,223
Community planning and development	33,731	38,867	39,415	(548)
Public works	4,000	4,000	2,704	1,296
Recreational and cultural	2,000	2,000	1,675	325
Other functions	-	-	-	-
Capital outlay	26,017	3,660	107,850	(104,190)
Debt service	-	22,358	22,358	-
Operating transfers out	-	-	-	-
Total charges to appropriations	920,169	920,171	990,838	(70,667)
BUDGETARY FUND BALANCE - JUNE 30, 2005	\$ 805,184	\$ 801,732	\$ 846,562	\$ 44,830

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Note: A budgetary comparison schedule is not presented for the Municipal Building Debt Service as there is no legal requirement for this fund to adopt a budget.

NAPOLEON TOWNSHIP

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS:

COMBINING BALANCE SHEET

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE

NAPOLEON TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	SPECIAL REVENUE FUNDS		
	CEMETERY EXPANSION	IMPROVEMENT REVOLVING	BUILDING CODE ENFORCEMENT
<u>ASSETS</u>			
Cash and cash equivalents	\$ 83,838	\$ 194,982	\$ 18,652
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from governments	-	-	-
Total assets	<u>\$ 83,838</u>	<u>\$ 194,982</u>	<u>\$ 18,652</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 3,080
Accrued payroll	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,080</u>
FUND EQUITY:			
Fund Balance - Designated	10,000	184,217	-
Fund Balance - Reserved	-	-	-
Fund Balance - Undesignated, unreserved	73,838	10,765	15,572
Total fund equity	<u>83,838</u>	<u>194,982</u>	<u>15,572</u>
Total liabilities and fund equity	<u>\$ 83,838</u>	<u>\$ 194,982</u>	<u>\$ 18,652</u>

The notes the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS (Continued)

STREET LIGHTING	CEMETERY URN	MEMORIAL	PARKS ENDOWMENT	TOTAL
\$ 18,614	\$ 7,038	\$ 1,416	\$ 637	\$ 325,177
-	-	-	-	-
-	-	-	-	-
500	-	-	-	500
-	-	-	-	-
\$ 19,114	\$ 7,038	\$ 1,416	\$ 637	\$ 325,677
\$ -	\$ -	\$ -	\$ -	\$ 3,080
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,080
-	-	1,416	-	195,633
-	4,750	-	-	4,750
19,114	2,288	-	637	122,214
19,114	7,038	1,416	637	322,597
\$ 19,114	\$ 7,038	\$ 1,416	\$ 637	\$ 322,597

NAPOLEON TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
THE YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE FUNDS		
	CEMETERY EXPANSION	IMPROVEMENT REVOLVING	BUILDING CODE ENFORCEMENT
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	68,921
State grants - Capital	-	-	-
Interest and rents	2,225	3,230	195
Other revenues	1,306	-	-
Total revenues	3,531	3,230	69,116
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	68,058
Public works	-	-	-
Recreation and culture	-	-	-
Other functions	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	68,058
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,531	3,230	1,058
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Sale of capital assets	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	3,531	3,230	1,058
FUND BALANCES - Beginning of year	80,307	191,752	14,514
FUND BALANCES - End of year	\$ 83,838	\$ 194,982	\$ 15,572

The notes the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS (Continued)

STREET LIGHTING	CEMETERY URN	MEMORIAL	PARKS ENDOWMENT	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	68,921
-	-	-	-	-
58	195	7	3	5,913
25,907	-	-	-	27,213
25,965	195	7	3	102,047
-	-	-	-	-
-	-	-	-	68,058
25,240	-	-	-	25,240
-	-	-	639	639
-	637	-	-	637
-	-	-	-	-
25,240	637	-	639	94,574
725	(442)	7	(636)	7,473
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
725	(442)	7	(636)	7,473
18,389	7,480	1,409	1,273	315,124
\$ 19,114	\$ 7,038	\$ 1,416	\$ 637	\$ 322,597

NAPOLEON TOWNSHIP

ADDITIONAL INFORMATION

INDIVIDUAL FUND FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS:

(All include 2004 actual amounts for comparison)

GENERAL FUND FINANCIAL STATEMENTS:

BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - AMENDED BUDGET TO ACTUAL

DEBT SERVICE FUND FINANCIAL STATEMENTS:

BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE

CEMETERY EXPANSION SPECIAL REVENUE FUND:

BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

IMPROVEMENT REVOLVING SPECIAL REVENUE FUND:

BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND:

BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET LIGHT SPECIAL REVENUE FUND:

BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NAPOLEON TOWNSHIP

ADDITIONAL INFORMATION

INDIVIDUAL FUND FINANCIAL STATEMENTS: (Continued)

CEMETERY URN FUND SPECIAL REVENUE FUND:

BALANCE SHEET

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEMORIAL SPECIAL REVENUE FUND:

BALANCE SHEET

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS ENDOWMENT SPECIAL REVENUE FUND:

BALANCE SHEET

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NAPOLEON TOWNSHIP
GENERAL FUND
BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 671,610	\$ 655,488
Accounts receivable	-	-
Prepaid expenses	38,850	28,190
Due from other funds	211	19,773
Due from governmental units	192,161	160,093
	<hr/>	<hr/>
Total assets	<u><u>\$ 902,832</u></u>	<u><u>\$ 863,544</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 41,673	\$ 20,451
Accrued payroll	1,843	2,517
Due to other funds	10,839	1
Due to governmental units	1,915	-
Total liabilities	<u>56,270</u>	<u>22,969</u>
 FUND BALANCE:		
Fund balance - Reserved	44,106	29,815
Fund balance - Unreserved	802,457	810,760
Total fund balance	<u>846,563</u>	<u>840,575</u>
	<hr/>	<hr/>
Total liabilities and fund balance	<u><u>\$ 902,833</u></u>	<u><u>\$ 863,544</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Taxes:				
Current property	\$ 147,000	\$ 149,298	\$ 2,298	\$ 139,989
Industrial facilities tax	12,000	12,116	116	13,192
Delinquent property taxes	1,000	299	(701)	705
Interest and penalties on taxes	2,000	4,569	2,569	5,016
Tax administration fee	57,000	55,565	(1,435)	56,500
Total taxes	219,000	221,847	2,847	215,402
Licenses and Permits:				
Cable TV licenses	23,500	25,766	2,266	23,531
Trailer park fees	300	343	43	278
Zoning books	200	204	4	293
Total licenses and permits	24,000	26,313	2,313	24,102
Intergovernmental:				
State revenue sharing	460,000	470,022	10,022	471,199
Liquor license fees	2,200	2,338	138	2,326
Public Safety grants	1,700	98,883	97,183	4,477
Metro Act revenue	-	3,631	3,631	3,819
Election reimbursements	-	-	-	2,456
Local Unit - Library	1,400	1,486	86	1,400
Total intergovernmental	465,300	576,360	111,060	485,677
Charges for Services:				
Norvell Twsp. Fire contract	31,500	32,317	817	31,579
Administration fees - Enterprise Funds	44,800	44,960	160	39,297
Allocated costs - Building Code Fund	7,262	7,262	-	7,351
Zoning/Ordinance fees	9,900	11,778	1,878	9,736
Cemetery charges	15,500	11,321	(4,179)	15,806
School tax collections	13,800	5,094	(8,706)	14,274
Police - Report copies	4,666	3,865	(801)	308
Restitution - Attorney	100	300	200	100
Miscellaneous	3,000	5,011	2,011	4,333
Total charges for services	130,528	121,908	(8,620)	122,784
Fines and forfeitures - Police	24,000	25,711	1,711	23,538
Interest and Rents:				
Interest	11,500	11,589	89	8,537
Rents	6,000	6,000	-	6,000
Total interest and rents	\$ 17,500	\$ 17,589	\$ 89	\$ 14,537

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES: (Continued)				
Other:				
Other income	\$ 1,000	\$ 7,097	\$ 6,097	\$ 845
Sale of fixed assets	-	-	-	-
Donations - Village & Twp. Police Assn.	-	-	-	942
Total other revenues	<u>1,000</u>	<u>7,097</u>	<u>6,097</u>	<u>1,787</u>
 Total Revenues	 <u>881,328</u>	 <u>996,826</u>	 <u>115,498</u>	 <u>887,827</u>
EXPENDITURES:				
Current:				
Legislative -				
Township Board:				
Salaries and wages - Elected	8,000	8,000	0	8,000
Payroll taxes	116	264	(148)	111
Fringe benefits	14,385	14,093	292	16,950
Professional services	6,778	6,778	1	11,835
Conferences and workshops	2,000	2,454	(454)	1,103
Community promotion	1,000	255	745	502
Insurance and bonds	12,285	12,285	0	16,252
Membership and dues	273	260	13	3,815
Miscellaneous	-	88	(88)	473
Total Legislative - Township board	<u>44,837</u>	<u>44,476</u>	<u>361</u>	<u>59,041</u>
 General Government:				
Supervisor's Office:				
Salaries and wages - Elected	17,000	17,000	0	17,000
Payroll taxes	247	246	1	246
Fringe benefits	4,415	4,200	215	2,170
Office supplies	50	101	(51)	14
Operating supplies	50	50	-	-
Professional Services	331	595	(264)	-
Mileage	-	-	-	52
Printing and publications	100	-	100	-
Total supervisor's office	<u>22,193</u>	<u>22,193</u>	<u>0</u>	<u>19,482</u>
 Elections:				
Fringe benefits	5	-	5	-
Office supplies	2,700	3,075	(375)	585
Contractual services	6,500	5,845	655	2,231
Printing and publications	200	132	68	-
Insurance & Bonds	-	307	(307)	-
Miscellaneous	-	29	(29)	-
Total elections	<u>\$ 9,405</u>	<u>\$ 9,389</u>	<u>\$ 16</u>	<u>\$ 2,816</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
General Government: (Continued)				
Assessor:				
Salaries and wages	\$ 40,420	\$ 38,322	\$ 2,098	\$ 39,725
Payroll taxes	805	625	180	751
Fringe benefits	14,969	15,596	(627)	15,875
Office supplies	2,000	376	1,624	1,893
Operating supplies	200	73	127	9
Maps and equipment	500	298	202	-
Repairs and maintenance	100	-	100	-
Tax roll preparation	6,300	5,192	1,108	4,468
Conferences and workshops	800	1,104	(304)	1,318
Mileage	1,200	489	711	1,143
Printing and publications	100	96	4	124
Membership dues	50	85	(35)	55
Total assessor	67,444	62,257	5,187	65,361
Township Clerk:				
Salaries and wages - Elected	17,000	17,000	0	17,000
Salaries and wages - Office	22,136	22,714	(578)	20,026
Payroll taxes	550	577	(27)	537
Fringe benefits	24,429	24,668	(239)	20,389
Office supplies	5,160	5,160	(0)	3,598
Computer supplies	-	-	-	-
Copier lease	8,000	8,584	(584)	8,295
Operating supplies	600	196	404	832
Professional services	2,500	2,720	(220)	2,015
Printing and publishing	2,000	476	1,524	772
Total township clerk	82,375	82,094	281	73,464
Board of Review:				
Payroll taxes	20	22	(2)	30
Fringe benefits	10	5	5	5
Fees and per diem	456	289	167	393
Office supplies	25	-	25	54
Printing and publications	100	77	23	74
Total board of review	\$ 611	\$ 393	\$ 218	\$ 556

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
General Government: (Continued)				
Township Treasurer:				
Salaries and wages - Elected	\$ 17,000	\$ 16,945	\$ 55	\$ 17,000
Salaries and wages - Office	19,925	12,093	7,832	16,018
Payroll taxes	525	541	(16)	545
Fringe benefits	25,154	19,878	5,276	24,204
Office supplies	700	1,520	(820)	708
Computer supplies	200	1,390	(1,190)	-
Professional services	-	-	-	-
Printing and publications	-	65	(65)	-
Insurance and bonds	1,000	976	24	953
Miscellaneous	-	62	(62)	25
Taxes abated/written off	1,000	130	870	-
Total township treasurer	65,504	53,601	11,903	59,453
Township Hall and Grounds:				
Salaries & Wages	400	-	400	462
Fringe benefits	17	-	17	-
Office supplies	1,300	189	1,111	1,177
Repairs and maintenance supplies	5,642	5,642	(0)	3,391
Contractual services	16,897	16,386	511	15,002
Telephone	4,000	3,618	382	3,958
Printing and publications	-	-	-	71
Insurance and bonds	3,000	5,776	(2,776)	2,612
Building improvements	931	502	429	52
Public utilities	19,700	19,700	-	17,985
Total township hall and grounds	51,887	51,813	74	44,710
Cemetery Operations:				
Salaries & Wages - Temporary	6,000	7,824	(1,824)	6,920
Fringe benefits	-	-	-	-
Operating supplies	2,500	2,884	(384)	2,774
Repairs and maintenance	2,500	1,083	1,417	1,946
Contractual services	8,500	5,260	3,240	7,315
Printing & publications	50	-	50	78
Insurance and bonds	591	-	591	489
Utilities	350	335	15	310
Equipment	-	920	(920)	-
Total cemetery operations	20,491	18,305	2,186	19,832
Total General Government	\$ 319,910	\$ 300,044	\$ 19,866	\$ 285,674

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
Public Safety:				
Police Department:				
Salaries and wages	\$ 185,606	\$ 183,444	\$ 2,162	\$ 171,082
Payroll taxes	7,773	7,681	92	6,846
Fringe benefits	39,874	36,789	3,085	37,122
Office supplies	600	603	(3)	584
Operating supplies	10,000	10,505	(505)	8,438
Uniforms and laundry	1,000	-	1,000	984
Repairs and maintenance supplies	1,000	75	925	670
Professional services	4,800	4,363	438	4,200
Computer support	500	63	438	-
Radio maintenance	1,500	1,846	(346)	947
Telephone	4,000	3,238	762	3,527
Conferences and workshops	700	803	(103)	655
Community promotion	850	776	74	935
Insurance and bonds	20,600	14,206	6,394	17,485
Vehicle maintenance	4,000	9,160	(5,160)	3,200
Membership and dues	225	100	125	100
Education and training	700	-	700	288
Special training	-	-	-	1,028
Village & Police Association supplies	1,500	1,237	263	942
Special reserve program	450	116	334	373
Equipment - Not capitalized	1,500	173	1,327	694
Total police department	\$ 287,178	\$ 275,176	\$ 12,002	\$ 260,100

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
Public Safety: (Continued)				
Fire Department:				
Salaries and wages	\$ 93,293	\$ 86,630	\$ 6,663	\$ 86,800
Payroll taxes	2,335	2,613	(278)	2,493
Fringe benefits	25,553	23,513	2,040	24,124
Office supplies	1,000	711	289	779
Operating supplies	7,500	7,846	(346)	5,827
Uniforms and cleaning	9,000	8,924	76	8,021
Repairs and maintenance	3,500	2,585	915	2,587
Radio maintenance	3,800	4,070	(270)	3,053
Telephone	2,500	1,999	501	2,507
Pager lease	1,680	1,719	(39)	1,588
Conferences and workshops	500	350	150	321
Community promotion	500	567	(67)	416
Insurance and bonds	17,500	21,668	(4,168)	17,459
Public utilities	2,500	2,398	102	2,287
Vehicle maintenance	17,000	22,091	(5,091)	14,334
Membership and dues	700	556	144	1,136
Education and training	6,000	6,531	(531)	4,878
Building repairs	-	290	(290)	-
Equipment - Not capitalized	2,500	2,081	419	425
Total fire department	197,361	197,140	221	179,035
 Total public safety	 484,539	 472,316	 12,223	 439,135
 Community Planning and Development:				
Zoning and Planning:				
Salaries and wages	3,420	570	2,850	2,345
Fees and per diem	14,424	14,947	(523)	10,795
Payroll taxes	550	1,044	(494)	806
Fringe benefits	61	135	(74)	57
Office supplies	980	1,005	(25)	888
Professional services	16,423	19,218	(2,795)	12,080
Contractual services	-	-	-	-
Conferences and workshops	355	355	-	175
Mileage	654	654	-	767
Printing and publications	2,000	1,487	513	1,609
Insurance and bonds	-	-	-	-
Total zoning and planning	\$ 38,867	\$ 39,415	\$ (548)	\$ 29,522

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
Public Works :				
Highways and Streets - Contractual	\$ 4,000	\$ 2,704	\$ 1,296	\$ 2,900
Total public works	4,000	2,704	1,296	2,900
Recreational and Cultural -				
Parks:				
Contractual	200	173	27	148
Utilities	100	64	36	84
Repairs and maintenance	1,700	1,438	262	1,287
Total recreational and cultural	2,000	1,675	325	1,519
Capital Outlay:				
General	-	-	-	-
Police Department	3,660	-	3,660	6,740
Fire -Fed Grant	-	107,850	(107,850)	-
Fire Department	-	-	-	116,745
Total capital outlay	3,660	107,850	(104,190)	123,485
Debt Service:				
Principal	20,000	20,000	-	6,667
Interest	2,357	2,358	(1)	910
Total debt service	22,357	22,358	(1)	7,577
Total expenditures	920,170	990,838	(70,668)	948,853
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,842)	5,988	44,830	(61,026)
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	-	-	-	100,000
Total operating transfers in	-	-	-	100,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	(38,842)	5,988	44,830	38,974
FUND BALANCE - Beginning of year	840,575	840,575	-	801,601
FUND BALANCE - End of year	\$ 801,733	\$ 846,563	\$ 44,830	\$ 840,575

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
MUNICIPAL BUILDING DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 135,321	\$ 134,467
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	4
Due from governmental units	-	-
	<hr/>	<hr/>
Total assets	<u><u>\$ 135,321</u></u>	<u><u>\$ 134,471</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	18,608	-
Due to other governments	-	-
Total liabilities	<hr/> <u>18,608</u>	<hr/> <u>-</u>
FUND BALANCE:		
Fund balance - Designated	-	-
Fund balance - Reserved	116,713	134,471
Fund balance - Unreserved	-	-
Total fund balance	<hr/> <u>116,713</u>	<hr/> <u>134,471</u>
	<hr/>	<hr/>
Total liabilities and fund balance	<u><u>\$ 135,321</u></u>	<u><u>\$ 134,471</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
MUNICIPAL BUILDING DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
REVENUES:		
Taxes:		
Current property taxes	\$ 227,679	\$ 236,010
Industrial facilities taxes	18,477	22,240
Delinquent property taxes	1,308	1,061
Total taxes	<u>247,464</u>	259,311
Interest	2,325	925
Total revenues	<u>249,789</u>	<u>260,236</u>
EXPENDITURES:		
Debt Service:		
Principal	100,000	50,000
Interest	166,713	168,836
Paying agent fees and miscellaneous	834	275
Total expenditures	<u>267,547</u>	<u>219,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,758)	41,125
OTHER FINANCING SOURCES (USES) - Operating transfers in	<u>-</u>	<u>20</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND (USES)	(17,758)	41,145
FUND BALANCE - Beginning of year	<u>134,471</u>	<u>93,326</u>
FUND BALANCE - End of year	<u>\$ 116,713</u>	<u>\$ 134,471</u>

The notes the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
CEMETERY EXPANSION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 83,838	\$ 80,532
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 83,838</u>	<u>\$ 80,532</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	225
Total liabilities	<hr/> - <hr/>	<hr/> 225 <hr/>
FUND EQUITY:		
Fund Balance - Designated	10,000	10,000
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	73,838	70,307
Total fund equity	<hr/> 83,838 <hr/>	<hr/> 80,307 <hr/>
Total liabilities and fund equity	<u>\$ 83,838</u>	<u>\$ 80,532</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
CEMETERY EXPANSION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Interest	\$ 2,225	\$ 2,225	\$ -	\$ 1,038
Other revenues - Sale of lots	1,306	1,306	-	4,600
Total revenues	<u>3,531</u>	<u>3,531</u>	<u>-</u>	<u>5,638</u>
EXPENDITURES:				
Current - Other functions:				
Temporary labor	-	-	-	-
Supplies	-	-	-	-
Professional services	-	-	-	-
Total current - Other functions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,531	3,531	-	5,638
OTHER FINANCING SOURCES (USES) -				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND (USES)	3,531	3,531	-	5,638
FUND BALANCE - Beginning of year	<u>-</u>	<u>80,307</u>	<u>-</u>	<u>74,669</u>
FUND BALANCE - End of year	<u>\$ 3,531</u>	<u>\$ 83,838</u>	<u>\$ -</u>	<u>\$ 80,307</u>

The notes the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
IMPROVEMENT REVOLVING SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 194,982	\$ 191,752
Accounts receivable	-	-
Advance expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 194,982</u>	<u>\$ 191,752</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<u> </u>	<u> </u>
FUND EQUITY:		
Fund Balance - Designated	184,217	184,217
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	10,765	7,535
Total fund equity	<u>194,982</u>	<u>191,752</u>
	<u> </u>	<u> </u>
Total liabilities and fund equity	<u>\$ 194,982</u>	<u>\$ 191,752</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
IMPROVEMENT REVOLVING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
State grants - Capital	\$ -	\$ -	\$ -	\$ 12,000
Interest	3,230	3,230	-	2,149
Other revenue	-	-	-	6,699
Total revenues	3,230	3,230	-	20,848
EXPENDITURES:				
Current:				
General government:				
Professional services	-	-	-	-
Miscellaneous	-	-	-	-
Total general government	-	-	-	-
Public Works:				
Drain improvements	-	-	-	-
Total public works	-	-	-	-
Capital outlay	-	-	-	94,929
Total expenditures	-	-	-	94,929
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,230	3,230	-	(74,081)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	-	120,643
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	3,230	3,230	-	46,562
FUND BALANCE - Beginning of year	191,752	191,752	-	145,190
FUND BALANCE - End of year	\$ 194,982	\$ 194,982	\$ -	\$ 191,752

The notes the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 18,652	\$ 26,559
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 18,652</u>	<u>\$ 26,559</u>
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ 3,080	\$ 3,425
Due to other funds	-	8,620
Total liabilities	<u>3,080</u>	<u>12,045</u>
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	15,572	14,514
Total fund equity	<u>15,572</u>	<u>14,514</u>
	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 18,652</u>	<u>\$ 26,559</u>

The notes the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Licenses and permits:				
Building permits	\$ 30,000	\$ 36,721	\$ 6,721	\$ 26,981
Electrical permits	21,000	13,875	(7,125)	21,100
Plumbing permits	19,600	10,240	(9,360)	27,695
Mechanical permits	7,000	8,085	1,085	8,850
Total licenses and permits	77,600	68,921	(8,679)	84,626
Interest	400	195	(205)	327
Total revenues	78,000	69,116	(8,884)	84,953
EXPENDITURES:				
Current - Public Safety:				
Salaries - Clerical	17,115	13,754	3,361	16,723
Salaries - Zoning Administrator	2,280	-	2,280	1,450
Payroll taxes	1,017	572	445	1,041
Fringe benefits	2,683	5,025	(2,342)	2,108
Contract fees:				
Zoning Administrator		-	-	-
Building Inspectors	12,000	14,455	(2,455)	12,490
Plumbing & Mechanical Inspectors	16,000	10,360	5,640	27,660
Electrical Inspectors	19,000	10,200	8,800	13,345
Office supplies	704	855	(151)	1,189
Allocated costs	7,262	7,262	-	7,351
Professional services	1,200	550	650	2,785
Insurance	480	-	480	408
Miscellaneous	-	5,025	(5,025)	927
Total current - Public Safety	79,741	68,058	11,683	87,477
Capital outlay	-	-	-	-
Total expenditures	79,741	68,058	11,683	87,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,741)	1,058	2,799	(2,524)
FUND BALANCE - Beginning of year	17,038	14,514	2,524	17,038
FUND BALANCE - End of year	\$ 15,297	\$ 15,572	\$ 5,323	\$ 14,514

The notes the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STREET LIGHT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 18,614	\$ 19,934
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	500	500
Due from governments	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 19,114</u>	<u>\$ 20,434</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ 2,045
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>2,045</u>
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	19,114	18,389
Total fund equity	<u>19,114</u>	<u>18,389</u>
Total liabilities and fund equity	<u>\$ 19,114</u>	<u>\$ 20,434</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STREET LIGHT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Other Revenue:				
Current special assessments	\$ -	\$ 25,907	\$ 25,907	\$ 25,934
Delinquent special assessments	-	-	-	-
Total taxes	-	25,907	25,907	25,934
Interest	-	58	58	55
Total revenues	-	25,965	25,965	25,989
EXPENDITURES:				
Current - Public Works:				
Utilities	-	24,960	(24,960)	24,804
Miscellaneous	-	280	(280)	-
Total expenditures	-	25,240	(25,240)	24,804
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	725	725	1,185
FUND BALANCE - Beginning of year	18,389	18,389	-	17,204
FUND BALANCE - End of year	\$ 18,389	\$ 19,114	\$ 725	\$ 18,389

The notes the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
CEMETERY URN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

		CEMETERY URN FUND	
		2005	2004
	<u>ASSETS</u>		
Cash		\$ 7,038	\$ 7,480
Accounts receivable		-	-
Prepaid expenses		-	-
Due from other funds		-	-
Due from other governments		-	-
Total assets		<u>\$ 7,038</u>	<u>\$ 7,480</u>
	<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued payroll		-	-
Due to other funds		-	-
Total liabilities		<u>-</u>	<u>-</u>
FUND EQUITY:			
Fund Balance - Designated		-	-
Fund Balance - Reserved		4,750	4,750
Fund Balance - Undesignated, unreserved		2,288	2,730
Total fund equity		<u>7,038</u>	<u>7,480</u>
Total liabilities and fund equity		<u>\$ 7,038</u>	<u>\$ 7,480</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
CEMETERY URN SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES -				
Interest	\$ -	\$ 195	\$ 195	\$ 162
EXPENDITURES -				
Other functions - Misc	-	637	(637)	-
EXCESS OF REVENUES OVER EXPENDITURES	-	(442)	(442)	162
FUND BALANCE - Beginning of year	7,480	7,480	-	7,318
FUND BALANCE - End of year	\$ 7,480	\$ 7,038	\$ (442)	\$ 7,480

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
MEMORIAL SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

		TOTALS	
		2005	2004
<u>ASSETS:</u>			
Cash and cash equivalents	\$	1,416	\$ 1,409
Accounts receivable		-	-
Prepaid expenses		-	-
Due from other funds		-	-
Due from other governments		-	-
Total assets	\$	1,416	\$ 1,409
<u>LIABILITIES AND FUND EQUITY:</u>			
LIABILITIES:			
Accounts payable	\$	-	\$ -
Accrued payroll		-	-
Due to other funds		-	-
Total liabilities		-	-
FUND EQUITY:			
Fund Balance - Designated		1,416	1,409
Fund Balance - Reserved		-	-
Fund Balance - Undesignated, unreserved		-	-
Total fund equity		1,416	1,409
Total liabilities and fund equity	\$	1,416	\$ 1,409

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
MEMORIAL SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Interest	\$ -	\$ 7	\$ 7	\$ 8
Other - Donations	-	-	-	-
Total revenues	-	7	7	8
EXPENDITURES:				
Recreation and cultural:				
Community promotion	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	7	7	8
FUND BALANCE - Beginning of year	1,409	1,409	-	1,401
FUND BALANCE - End of year	\$ 1,409	\$ 1,416	\$ 7	\$ 1,409

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
PARKS ENDOWMENT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 637	\$ 1,273
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 637</u>	<u>\$ 1,273</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<hr/> - <hr/>	<hr/> - <hr/>
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	637	1,273
Total fund equity	<hr/> 637 <hr/>	<hr/> 1,273 <hr/>
	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 637</u>	<u>\$ 1,273</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
PARKS ENDOWMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	2005			2004
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Interest	\$ -	\$ 3	\$ 3	\$ 11
Other - Donations	-	-	-	-
Total revenues	-	3	3	11
EXPENDITURES:				
Recreation and cultural:				
Community promotion	-	-	-	-
Miscellaneous	-	639	(639)	890
Capital outlay	-	-	-	-
Total expenditures	-	639	(639)	890
EXCESS OF REVENUES OVER EXPENDITURES	-	(636)	(636)	(879)
FUND BALANCE - Beginning of year	2,152	1,273	879	2,152
FUND BALANCE - End of year	\$ 2,152	\$ 637	\$ 243	\$ 1,273

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

ADDITIONAL INFORMATION

INDIVIDUAL FUND FINANCIAL STATEMENTS - PROPRIETARY FUNDS:

(All include 2004 actual amounts for comparison)

SEWER #1 ENTERPRISE FUND:

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

SEWER #2 ENTERPRISE FUND:

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

SEWER #9 ENTERPRISE FUND:

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

WATER #1 ENTERPRISE FUND:

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

NAPOLEON TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 91,612	\$ 369,583
Investments	320,000	-
Accounts receivable	7,919	6,746
Interest receivable	1,634	-
Special assessments receivable - Current	53,400	58,172
Due from other funds	1,549	630
Total current assets	<u>476,114</u>	<u>435,131</u>
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	1,238,123	1,272,530
Intergovernmental receivable	-	-
Special assessments receivable - Long Term	746,489	817,431
Total noncurrent assets	<u>1,984,612</u>	<u>2,089,961</u>
 Total assets	 <u>2,460,726</u>	 <u>2,525,092</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	5,982	12,566
Capital lease payable - Current portion	50,000	50,000
Accrued interest payable	7,739	8,302
Due to other funds	-	1,869
Deferred revenue	8,629	7,810
Total current liabilities	<u>72,350</u>	<u>80,547</u>
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	950,000	1,000,000
Total long term liabilities	<u>950,000</u>	<u>1,000,000</u>
 Total liabilities	 <u>1,022,350</u>	 <u>1,080,547</u>
NET ASSETS		
Invested in capital assets, net of related debt	238,123	222,530
Restricted for Capital Lease Retirement	806,282	1,185,944
Unrestricted	393,971	36,071
Total net assets	<u>\$ 1,438,376</u>	<u>\$ 1,444,545</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for services:		
Usage	\$ 103,714	\$ 84,392
Other:		
Penalties	2,244	2,318
Miscellaneous	3,862	2,282
Total other revenue	6,106	4,600
Total operating revenues	109,820	88,992
OPERATING EXPENSES:		
Operating supplies	-	84
Administrative and legal	13,797	16,096
Printing and publications	-	34
Insurance and bonds	496	614
Utilities	1,814	987
Treatment/transportation fees	53,383	51,575
Connections	9,061	9,164
Repairs and maintenance	24,931	24,014
Depreciation	34,407	34,407
Miscellaneous	314	522
Total operating expenses	138,203	137,497
OPERATING INCOME (LOSS)	(28,383)	(48,505)
NONOPERATING REVENUES (EXPENSES):		
Interest income	58,757	60,236
Interest expenses	(49,287)	(51,254)
Net nonoperating revenues (expenses)	9,470	8,982
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(18,913)	(39,523)
CAPITAL CONTRIBUTIONS - Connection Fees	12,744	25,664
CHANGE IN NET ASSETS	(6,169)	(13,859)
NET ASSETS - Beginning of year	1,444,545	1,458,404
NET ASSETS - End of year	\$ 1,438,376	\$ 1,444,545

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 108,547	\$ 112,783
Cash payments for goods and services	(112,249)	(96,410)
Net cash from operating activities	<u>(3,702)</u>	<u>16,373</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental receivable	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Special assessment installments collected	140,525	138,189
Principal payments	(50,000)	(25,000)
Interest payments	(49,850)	(51,537)
Purchases of capital assets	-	-
Net cash from capital and related financing activities	<u>40,675</u>	<u>61,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt of interest	5,056	4,078
Proceeds from investments	-	-
Purchase of investments	(320,000)	-
Net cash from investing activities	<u>(314,944)</u>	<u>4,078</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(277,971)	82,103
CASH AND CASH EQUIVALENTS - Beginning of year	<u>369,583</u>	<u>287,480</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 91,612</u>	<u>\$ 369,583</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (28,383)	\$ (22,841)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	34,407	34,407
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,173)	(3,197)
Interest receivable	-	-
Due from other funds	341	(630)
(Decrease) increase in liabilities:		
Accounts payable	(6,584)	4,811
Due to other funds	(1,869)	1,869
Deferred revenue	819	1,954
	<u>819</u>	<u>1,954</u>
Net cash from operating activities	<u>\$ (2,442)</u>	<u>\$ 16,373</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 317,257	\$ 60,877
Investments	-	-
Accounts receivable	7,737	5,270
Special assessments receivable - Current	148,122	146,900
Due from other funds	91,586	-
Total current assets	<u>564,702</u>	<u>213,047</u>
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	3,700,805	3,800,827
Intergovernmental receivable	558,879	907,792
Special assessments receivable - Long Term	1,887,127	2,109,266
Total noncurrent assets	<u>6,146,811</u>	<u>6,817,885</u>
 Total assets	 <u>6,711,513</u>	 <u>7,030,932</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	6,276	8,331
Capital lease payable - Current portion	191,825	191,825
Accrued interest payable	43,712	46,302
Due to other funds	919	2,701
Deferred revenue	9,510	8,778
Total current liabilities	<u>252,242</u>	<u>257,937</u>
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	2,954,105	3,145,930
Total long term liabilities	<u>2,954,105</u>	<u>3,145,930</u>
 Total liabilities	 <u>3,206,347</u>	 <u>3,403,867</u>
NET ASSETS		
Invested in capital assets, net of related debt	554,875	463,072
Restricted for Capital Lease Retirement	2,846,544	3,197,260
Unrestricted	103,747	(33,267)
Total net assets	<u>\$ 3,505,166</u>	<u>\$ 3,627,065</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for services:		
Usage	\$ 114,407	\$ 85,566
Other:		
Penalties	1,286	563
Miscellaneous	<u>-</u>	<u>-</u>
Total other revenue	<u>1,286</u>	<u>563</u>
Total operating revenues	<u>115,693</u>	<u>86,129</u>
OPERATING EXPENSES:		
Operating supplies	-	58
Administrative and legal	19,230	20,884
Printing and publications	-	34
Insurance and bonds	262	2,898
Utilities	1,850	1,349
Treatment/transportation fees	79,884	53,265
Connections	8,195	8,183
Repairs and maintenance	-	3,389
Depreciation	100,022	100,022
Miscellaneous	1,118	408
Total operating expenses	<u>210,561</u>	<u>190,490</u>
OPERATING INCOME	<u>(94,868)</u>	<u>(104,361)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	149,212	162,221
Interest expenses	<u>(177,438)</u>	<u>(187,317)</u>
Net nonoperating revenues (expenses)	<u>(28,226)</u>	<u>(25,096)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(123,094)	(129,457)
CAPITAL CONTRIBUTIONS - Connection Fees	<u>1,195</u>	<u>56,339</u>
CHANGE IN NET ASSETS	(121,899)	(73,118)
RETAINED EARNINGS - Beginning of year	<u>3,627,065</u>	<u>3,700,183</u>
RETAINED EARNINGS - End of year	<u><u>\$ 3,505,166</u></u>	<u><u>\$ 3,627,065</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 112,176	\$ 143,322
Cash payments for goods and services	<u>(112,594)</u>	<u>(85,181)</u>
Net cash from operating activities	<u>(418)</u>	<u>58,141</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental receivable	<u>348,913</u>	<u>(104,583)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Special assessment installments collected	369,890	402,532
Special assessment collections held by other Funds	(91,586)	-
Principal payments	(191,825)	(153,460)
Interest payments	(180,028)	(189,427)
Purchases of capital assets	-	-
Net cash from capital and related financing activities	<u>(93,549)</u>	<u>59,645</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt of interest	1,434	549
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	<u>1,434</u>	<u>549</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	256,380	13,752
CASH AND CASH EQUIVALENTS - Beginning of year	<u>60,877</u>	<u>47,125</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 317,257</u></u>	<u><u>\$ 60,877</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (94,868)	\$ (48,022)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	100,022	100,022
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(2,467)	(4,574)
Due from other funds	-	-
(Decrease) increase in liabilities:		
Accounts payable	(2,055)	2,586
Due to other funds	(1,782)	2,701
Due to other governments	-	-
Deferred revenue	732	5,428
	<u>732</u>	<u>5,428</u>
Net cash from operating activities	<u>\$ (418)</u>	<u>\$ 58,141</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 215,824	\$ 182,424
Investments	-	-
Accounts receivable	5,630	4,958
Special assessments receivable - Current	-	-
Due from other funds	-	-
Total current assets	<u>221,454</u>	<u>187,382</u>
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	556,065	583,976
Intergovernmental receivable	-	-
Special assessments receivable - Long Term	-	-
Total noncurrent assets	<u>556,065</u>	<u>583,976</u>
 Total assets	 <u>777,519</u>	 <u>771,358</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	3,589	7,702
Capital lease payable - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	-	1,994
Deferred revenue	6,814	6,851
Total current liabilities	<u>10,403</u>	<u>16,547</u>
NONCURRENT LIABILITIES		
Capital lease payable - Long term portion	-	-
Total long term liabilities	<u>-</u>	<u>-</u>
 Total liabilities	 <u>10,403</u>	 <u>16,547</u>
NET ASSETS		
Invested in capital assets, net of related debt	556,065	583,976
Restricted for Capital Lease Retirement	-	-
Unrestricted	211,051	170,835
Total net assets	<u>\$ 767,116</u>	<u>\$ 754,811</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for services:		
Usage	\$ 81,946	\$ 82,023
Other:		
Penalties	928	1,503
Miscellaneous	<u>-</u>	<u>-</u>
Total other revenue	<u>928</u>	<u>1,503</u>
Total operating revenues	<u>82,874</u>	<u>83,526</u>
OPERATING EXPENSES:		
Operating supplies	-	-
Administrative and legal	14,378	11,952
Printing and publications	-	31
Insurance and bonds	374	236
Utilities	1,738	1,717
Treatment/transportation fees	23,958	26,967
Connections	844	-
Repairs and maintenance	5,327	17,838
Depreciation	27,911	27,911
Miscellaneous	-	182
Total operating expenses	<u>74,530</u>	<u>86,834</u>
OPERATING INCOME (LOSS)	<u>8,344</u>	<u>(3,308)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	2,761	1,504
Interest expenses	<u>-</u>	<u>(306)</u>
Net nonoperating revenues (expenses)	<u>2,761</u>	<u>1,198</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	11,105	(2,110)
CAPITAL CONTRIBUTIONS - Connection Fees	<u>1,200</u>	<u>-</u>
CHANGE IN NET ASSETS	12,305	(2,110)
NET ASSETS - Beginning of year	<u>754,811</u>	<u>756,921</u>
NET ASSETS - End of year	<u><u>\$ 767,116</u></u>	<u><u>\$ 754,811</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 82,165	\$ 85,065
Cash payments for goods and services	<u>(52,726)</u>	<u>(54,781)</u>
Net cash from operating activities	<u>29,439</u>	<u>30,284</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental receivable	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Special assessment installments collected	1,200	-
Principal payments	-	(20,000)
Interest payments	-	(556)
Purchases of capital assets	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>1,200</u>	<u>(20,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt of interest	2,761	1,504
Proceeds from investments	-	-
Purchase of investments	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>2,761</u>	<u>1,504</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,400	11,232
CASH AND CASH EQUIVALENTS - Beginning of year	<u>182,424</u>	<u>171,192</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 215,824</u>	<u>\$ 182,424</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 8,344	\$ (3,308)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	27,911	27,911
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(672)	1,507
Due from other funds	-	-
(Decrease) increase in liabilities:		
Accounts payable	(4,113)	2,148
Due to other funds	(1,994)	1,994
Due to other governments	-	-
Deferred revenue	(37)	32
	<u>\$ 29,439</u>	<u>\$ 30,284</u>
Net cash from operating activities		

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - WATER DISTRICT #1 FUND
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 64,296	\$ 53,700
Investments	-	-
Accounts receivable	5,605	5,297
Special assessments receivable - Current	1,084	918
Due from other funds	-	-
Total current assets	<u>70,985</u>	<u>59,915</u>
NONCURRENT ASSETS:		
Capital assets not being depreciated	34,450	34,450
Capital assets being depreciated, net	1,503,718	1,539,561
Intergovernmental receivable	-	-
Special assessments receivable - Long Term	1,671	2,756
Total noncurrent assets	<u>1,539,839</u>	<u>1,576,767</u>
 Total assets	 <u>1,610,824</u>	 <u>1,636,682</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	784	598
Capital lease payable - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	-	872
Deferred revenue	2,632	2,632
Total current liabilities	<u>3,416</u>	<u>4,102</u>
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
 Total liabilities	 <u>3,416</u>	 <u>4,102</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,538,168	1,574,011
Restricted for Capital Lease Retirement	-	-
Unrestricted	69,240	54,895
Total net assets	<u>\$ 1,607,408</u>	<u>\$ 1,632,580</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - WATER DISTRICT #1 FUND
THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for services:		
Usage	\$ <u>31,224</u>	\$ 30,624
Other:		
Penalties	445	75
Miscellaneous	<u>-</u>	13,282
Total other revenue	<u>445</u>	<u>13,357</u>
Total operating revenues	<u>31,669</u>	<u>43,981</u>
 OPERATING EXPENSES:		
Operating supplies	2,090	1,896
Administrative and legal	5,990	6,014
Printing and publications	-	418
Insurance and bonds	646	552
Utilities	1,624	2,680
Treatment/transportation fees	-	-
Connections	-	-
Repairs and maintenance	14,310	61,205
Depreciation	35,843	35,843
Miscellaneous	182	91
Total operating expenses	<u>60,685</u>	<u>108,699</u>
 OPERATING INCOME (LOSS)	<u>(29,016)</u>	<u>(64,718)</u>
 NONOPERATING REVENUES (EXPENSES):		
Interest income	1,194	489
Interest expense	<u>-</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>1,194</u>	<u>489</u>
 NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(27,822)</u>	<u>(64,229)</u>
 CAPITAL CONTRIBUTIONS - Connection Fees	<u>2,650</u>	<u>5,492</u>
 CHANGE IN NET ASSETS	<u>(25,172)</u>	<u>(58,737)</u>
 NET ASSETS - Beginning of year	<u>1,632,580</u>	<u>1,691,317</u>
 NET ASSETS - End of year	<u><u>\$ 1,607,408</u></u>	<u><u>\$ 1,632,580</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - WATER DISTRICT #1 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 30,489	\$ 39,883
Cash payments for goods and services	<u>(24,656)</u>	<u>(72,957)</u>
Net cash from operating activities	<u>5,833</u>	<u>(33,074)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental receivable	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Special assessment installments collected	3,569	(3,674)
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>3,569</u>	<u>(3,674)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt of interest	1,194	489
Proceeds from investments	-	-
Purchase of investments	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>1,194</u>	<u>489</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,596	(36,259)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>53,700</u>	<u>89,959</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 64,296</u></u>	<u><u>\$ 53,700</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS - WATER DISTRICT #1 FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (29,016)	\$ (59,226)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	35,843	35,843
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(308)	(651)
Special Assessments receivable	-	
Due from other funds	-	149
(Decrease) increase in liabilities:		
Accounts payable	186	(1,122)
Due to other funds	(872)	872
Due to other governments	-	-
Deferred revenue	-	(8,939)
	<u>\$ 5,833</u>	<u>\$ (33,074)</u>
Net cash from operating activities		

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP

INDIVIDUAL FUND FINANCIAL STATEMENTS - FIDUCIARY FUNDS:

PENSION TRUST FUND BALANCE SHEET

PENSION TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

AGENCY FUND COMBINING BALANCE SHEET

AGENCY FUND SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

NAPOLEON TOWNSHIP
PENSION TRUST FUND
BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	<u>2005</u>	<u>2004</u>
ASSETS -		
Investments	<u>\$ 1,469,420</u>	<u>\$ 1,329,291</u>
 FUND EQUITY -		
Reserved	<u>\$ 1,469,420</u>	<u>\$ 1,329,291</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
PENSION TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30 2005
(With comparative totals from the year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Investment income	\$ 131,919	\$ 152,923
Employee contributions	25,128	23,798
Employer contributions	32,733	32,420
Total operating revenues	<u>189,780</u>	<u>209,141</u>
OPERATING EXPENSES:		
Asset management fees	11,406	13,085
Employee withdrawals	38,245	4,102
Total operating expenses	<u>49,651</u>	<u>17,187</u>
NET INCOME	140,129	191,954
FUND BALANCE - Beginnng of year	<u>1,329,291</u>	<u>1,137,337</u>
FUND BALANCE - End of year	<u><u>\$ 1,469,420</u></u>	<u><u>\$ 1,329,291</u></u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

	TRUST AND AGENCY	CURRENT TAX	TOTALS	
			2005	2004
ASSETS:				
Cash and cash equivalents	\$ 22,904	\$ 160	\$ 23,064	\$ 26,413
Due from other funds	-	28,541	28,541	1
Due from other governments	-	69,524	69,524	8,157
Total assets	<u>\$ 22,904</u>	<u>\$ 98,225</u>	<u>\$ 121,129</u>	<u>\$ 34,571</u>
LIABILITIES:				
Accounts payable	\$ 2,449	\$ -	\$ 2,449	\$ 130
Due to other funds	76	91,945	92,021	4,626
Due to others	-	6,280	6,280	-
Due to other governments	20,379	0	20,379	29,815
Deferred revenue	-	-	-	-
	<u>\$ 22,904</u>	<u>\$ 98,225</u>	<u>\$ 121,129</u>	<u>\$ 34,571</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005

	TRUST AND AGENCY FUND			
	BALANCE 7/1/04	COLLECTIONS	PAYMENTS	BALANCE 6/30/05
ASSETS:				
Cash and cash equivalents	\$ 23,688	\$ 7,430	\$ 8,214	\$ 22,904
Due from other funds	1	-	1	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 23,689</u>	<u>\$ 7,430</u>	<u>\$ 8,215</u>	<u>\$ 22,904</u>
LIABILITIES:				
Accounts payable	\$ 130	\$ 6,854	\$ 4,535	\$ 2,449
Due to other funds	-	509	433	76
Due to others	-	-	-	-
Due to other governments	23,559	6,835	10,015	20,379
Deferred revenue	-	-	-	-
	<u>\$ 23,689</u>	<u>\$ 14,198</u>	<u>\$ 14,983</u>	<u>\$ 22,904</u>

The notes to the financial statements are an integral part of this statement.

CURRENT TAX FUND

BALANCE			BALANCE
7/1/04	COLLECTIONS	PAYMENTS	6/30/05
\$ 2,725	\$ 6,368,477	\$ 6,371,042	\$ 160
-	-	(28,541)	28,541
8,157	-	(61,367)	69,524
<u>\$ 10,882</u>	<u>\$ 6,368,477</u>	<u>\$ 6,281,134</u>	<u>\$ 98,225</u>

\$ -	\$ -	\$ -	\$ -
4,626	792,316	704,997	91,945
6,244	15,737	15,701	6,280
12	5,560,424	5,560,436	0
-	-	-	-
<u>\$ 10,882</u>	<u>\$ 6,368,477</u>	<u>\$ 6,281,134</u>	<u>\$ 98,225</u>

NAPOLEON TOWNSHIP
SCHEDULES OF PRINCIPAL AND INTEREST REQUIREMENTS

GENERAL OBLIGATION BONDS PAYABLE:

NAPOLEON TOWNSHIP MUNICIPAL BUILDING BONDS - \$3,215,000

CAPITAL LEASES PAYABLE:

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

(Napoleon Village Section) - \$1,125,000

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

(Wolf Lake Section - 76.73% of Total) - \$3,759,770

NAPOLEON TOWNSHIP
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
NAPOLEON TOWNSHIP MUNICIPAL BUILDING
BONDS - DATED SEPTEMBER 1, 2000 (\$3,215,000)
AS OF JUNE 30, 2005

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/04			\$ 77,006	\$ 77,006	
05/01/05	\$ 100,000	7.00%	77,006	177,006	\$ 254,012
11/01/05			73,506	73,506	
05/01/06	115,000	7.00%	73,506	188,506	262,012
11/01/06			69,482	69,482	
05/01/07	125,000	6.00%	69,482	194,482	263,964
11/01/07			65,731	65,731	
05/01/08	150,000	5.05%	65,731	215,731	281,462
11/01/08			61,944	61,944	
05/01/09	150,000	5.10%	61,944	211,944	273,888
11/01/09			58,119	58,119	
05/01/10	150,000	5.20%	58,119	208,119	266,238
11/01/10			54,219	54,219	
05/01/11	175,000	5.30%	54,219	229,219	283,438
11/01/11			49,581	49,581	
05/01/12	175,000	6.00%	49,581	224,581	274,162
11/01/12			44,331	44,331	
05/01/13	200,000	5.05%	44,331	244,331	288,662
11/01/13			39,282	39,282	
05/01/14	200,000	5.10%	39,282	239,282	278,564
11/01/14			34,181	34,181	
05/01/15	200,000	5.20%	34,181	234,181	268,362
11/01/15			28,981	28,981	
05/01/16	225,000	5.30%	28,981	253,981	282,962
11/01/16			23,019	23,019	
05/01/17	225,000	5.35%	23,019	248,019	271,038
11/01/17			17,000	17,000	
05/01/18	250,000	4.00%	17,000	267,000	284,000
11/01/18			12,000	12,000	
05/01/19	275,000	4.00%	12,000	287,000	299,000
11/01/19			6,500	6,500	
05/01/20	325,000	4.00%	6,500	331,500	338,000
	<u>\$ 3,040,000</u>		<u>\$ 1,429,764</u>	<u>\$ 4,469,764</u>	<u>\$ 4,469,764</u>

NAPOLEON TOWNSHIP
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(NAPOLEON VILLAGE SECTION) BONDS DATED JULY 1, 2001 (\$1,125,000)
AS OF JUNE 30, 2005

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/04			\$ 24,925	\$ 24,925	
05/01/05	\$ 50,000	6.75%	24,925	74,925	\$ 99,850
11/01/05			23,238	23,238	
05/01/06	50,000	6.13%	23,238	73,238	96,476
11/01/06			21,706	21,706	
05/01/07	50,000	3.80%	21,706	71,706	93,412
11/01/07			20,756	20,756	
05/01/08	50,000	4.00%	20,756	70,756	91,512
11/01/08			19,756	19,756	
05/01/09	50,000	4.10%	19,756	69,756	89,512
11/01/09			18,731	18,731	
05/01/10	50,000	4.20%	18,731	68,731	87,462
11/01/10			17,681	17,681	
05/01/11	75,000	4.30%	17,681	92,681	110,362
11/01/11			16,069	16,069	
05/01/12	75,000	4.40%	16,069	91,069	107,138
11/01/12			14,419	14,419	
05/01/13	75,000	4.50%	14,419	89,419	103,838
11/01/13			12,731	12,731	
05/01/14	75,000	4.60%	12,731	87,731	100,462
11/01/14			11,006	11,006	
05/01/15	75,000	4.70%	11,006	86,006	97,012
11/01/15			9,244	9,244	
05/01/16	75,000	4.80%	9,244	84,244	93,488
11/01/16			7,444	7,444	
05/01/17	75,000	4.85%	7,444	82,444	89,888
11/01/17			5,625	5,625	
05/01/18	75,000	5.00%	5,625	80,625	86,250
11/01/18			3,750	3,750	
05/01/19	75,000	5.00%	3,750	78,750	82,500
11/01/19			1,875	1,875	
05/01/20	75,000	5.00%	1,875	76,875	78,750
	<u>\$ 1,050,000</u>		<u>\$ 457,912</u>	<u>\$ 1,507,912</u>	<u>\$ 1,507,912</u>

NAPOLEON TOWNSHIP
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(WOLF LAKE SECTION) BONDS DATED JULY 1, 2001 (\$4,900,000)
(NAPOLEON TOWNSHIP PORTION ONLY - 76.73% OF TOTAL)
AS OF JUNE 30, 2005

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
10/01/04	\$ 191,825	6.75%	\$ 92,604	\$ 284,429	
04/01/05			87,424	87,424	\$ 371,853
10/01/05	191,825	6.75%	87,424	279,249	
04/01/06			82,197	82,197	361,446
10/01/06	191,825	6.13%	82,197	274,022	
04/01/07			76,922	76,922	350,944
10/01/07	191,825	3.80%	76,922	268,747	
04/01/08			71,647	71,647	340,394
10/01/08	191,825	4.00%	71,647	263,472	
04/01/09			66,275	66,275	329,747
10/01/09	191,825	4.10%	66,276	258,101	
04/01/10			61,048	61,048	319,149
10/01/10	211,007	4.20%	61,048	272,055	
04/01/11			55,246	55,246	327,301
10/01/11	211,008	4.30%	55,245	266,253	
04/01/12			49,548	49,548	315,801
10/01/12	211,007	4.40%	49,549	260,556	
04/01/13			43,746	43,746	304,302
10/01/13	211,008	4.50%	43,745	254,753	
04/01/14			37,943	37,943	292,696
10/01/14	211,007	4.60%	37,943	248,950	
04/01/15			32,035	32,035	280,985
10/01/15	211,008	4.70%	32,035	243,043	
04/01/16			26,126	26,126	269,169
10/01/16	230,190	4.80%	26,127	256,317	
04/01/17			19,681	19,681	275,998
10/01/17	230,190	4.85%	19,681	249,871	
04/01/18			13,121	13,121	262,992
10/01/18	230,190	5.00%	13,121	243,311	
04/01/19			6,560	6,560	249,871
10/01/19	230,190	5.00%	6,560	236,750	236,750
	<u>\$ 3,337,755</u>		<u>\$ 1,551,643</u>	<u>\$ 4,889,398</u>	<u>\$ 4,889,398</u>

MARKOWSKI & COMPANY
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K. LAVERNE MARKOWSKI, C.P.A.
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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

**COMMUNICATION OF AUDITOR/TOWNSHIP RESPONSIBILITY
WITH ATTACHED MEMORANDUM OF COMMENTS AND RECOMMENDATIONS**

Board of Trustees
Napoleon Township
Napoleon, Michigan

We have audited the financial statements of Napoleon Township as of and for the year ended June 30, 2005, and have issued our report thereon dated March 24, 2006. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated November 13, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us.

As part of our audit, we considered the internal control of Napoleon Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Napoleon Township are described in Note 1 to the financial statements.

The Township did not adopt any new accounting policies during its fiscal year ended June 30, 2005.

Significant Accounting Policies (Continued)

We noted no transactions entered into by Napoleon Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the valuation of capital assets.

We evaluated the estimated value of each of the assets to determine that the assumptions used in management's estimates are reasonable.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Napoleon Township that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We did record several audit adjustments including some (such as recording depreciation in the Sewer and Water funds, and expense accrual postings) that could, in our judgment, either individually or in the aggregate, have a significant effect on the Napoleon Township's reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

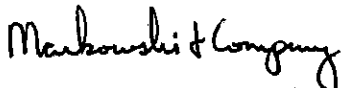
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Napoleon Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

The staff at the Township was extremely helpful and cooperative during our audit. We encountered no difficulties in completing our audit. We did note instances which we believe warrant Board attention. These are discussed in the attached memorandum of comments and recommendations.

This information is intended solely for the use of the Township Board and management of Napoleon Township and should not be used for any other purpose.

Very truly yours,



MARKOWSKI & COMPANY CPAs
March 24, 2006

NAPOLEON TOWNSHIP

MEMORANDUM OF COMMENTS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2005

Recent audits of the Township have resulted in several negative comments regarding the accounting procedures and internal controls. We are very happy to report that the Township staff has continued to do an excellent job with the Township's accounting.

FOLLOW UP ON 2004 COMMENTS AND RECOMMENDATIONS:

Finding 04-1: Lack of Segregation of Duties:

A concern typical in all small municipalities is the reliance on a small group of individuals for the performance of conflicting duties. These include the utility billing procedures, which are performed by an individual responsible for collections and adjustments. As another example, the payables are processed by an individual involved in the bank account reconciliation process.

In light of the recent fraud problems uncovered in local governments and nonprofit organizations, it is important that the Township continue to work towards minimizing its risks.

The Township did implement supervisory review and approval of all proposed billing adjustments in the utility billing system during 2005. This step is intended to minimize the risk that payments may be diverted and the customer's account adjusted with a credit to cover this fact.

Consideration should also be given to revolving the bank account reconciliations, or require supervisory review of the reconciliations on a monthly basis. Unusual items, such as large deposits in transit, should be carefully reviewed to ensure that cash is properly reported.

We would encourage the Township to continue its efforts to cross-train employees to segregate duties to the greatest extent possible.

The Township has taken appropriate action to mitigate the risks inherent in small offices. This needs to be an ongoing process, with revisions made as needed. We are confident that the Board will continue to stay on top of this issue.

The other concerns for 2004 are repeated during our 2005 audit, as reported below.

2005 COMMENTS AND RECOMMENDATIONS

Finding 05-1: Current Tax Disbursement Procedures:

For the second straight year, we noted that there appears to be an overpayment to the other from 2004 tax collections. The Intermediate School District was overpaid approximately \$61,000. Because the Current Tax Fund disburses all collections, the Township in effect covered this overpayment, using the Sewer #2 debt collections. The overpayment occurred primarily due to a duplication of payments for the IFT levy collections. These were disbursed as a separate collection, and also inadvertently included in the regular tax distribution for the same collection period.

2005 COMMENTS AND RECOMMENDATIONS (Continued)

Finding 05-1: Current Tax Disbursement Procedures: (Continued)

We would recommend that the Treasurer review the general ledger accounts on a regular basis, as our audit revealed that collections were properly posted to separate accounts within the general ledger. This allows the general ledger to be used as a valuable tool in the balancing process for the current tax collections. It should be noted that the general ledger accounts reflect the overpayment to the schools; had the balancing process included a review of the general ledger, this error could have been discovered in a timelier manner.

Finding 05-2: Special Assessments

During our audit, we discovered that the payments recorded in the special assessment system (BS&A Software) for Sewer connection assessments had not been reconciled with the amounts charged on tax bills and the additional payments received throughout the year. There were several differences between what was reported in the assessment system in comparison with the proceeds actually received by the Township.

We recommend that the amounts credited in the special assessment system be reconciled to the tax roll, and the number of parcels also be reconciled. Secondarily, the general ledger receivable balance for Sewer Districts #1 and #2 (account #045.000) should be reconciled to receivable balances in the special assessment system.

It should also be noted that information regarding any necessary adjustments was provided to staff during our audit.

Finding 05-3: Utility Fund Revenue Recognition:

The Township's Utility Funds, Sewer District's No. 1, 2 and 9, and Water District No. 1, are required to maintain their accounting records using the full accrual basis of accounting. Under the full accrual basis of accounting, the Township recognizes revenue at the time services are provided, and not when cash is received.

To accomplish this, the Township utilizes the BS&A Software utility billing module. Currently, however, the system is not properly recognizing revenue in the general ledger when bills are generated. The proper accounting when bills are generated would be to debit the accounts receivable account, and credit the revenue account. As payments from users are collected, they would be credited against this receivable. The billing system maintains a separate account for each system user, which should be reconciled to the general ledger balance. Currently, the entry to recognize revenue is not being posted to the general ledger. At the time of our audit, all utility funds were showing no revenue for usage charges, and reporting large credit balances in receivables.

2005 COMMENTS AND RECOMMENDATIONS (Continued)

Finding 05-3: Utility Fund Revenue Recognition: (Continued)

We recommend that the Township implement the changes necessary to recognize revenue during the billing process, whether using the system interface or manual journal entries to accomplish this. The detail receivables ledger should also be reconciled to the general ledger balance periodically and any differences investigated promptly.

Finding 05-4: Debt Service Accounting in the Utility Funds:

As mentioned above, the Township's utility funds are using the full accrual method of accounting. This means that the liability for long term debt, such as the capital leases with Jackson County, are recorded on the fund's books. When making principal payments, an expense account should not be charged. These payments should reduce the outstanding liability reported in the fund's general ledger.

Finding 05-5: Budget Amendments:

As disclosed in the notes to the financial statements, there were a few areas in which the Township spent more money than had been budgeted. This is a violation of state law. The largest area in which budget was exceeded was capital outlays.

During 2005, the Township purchased several pieces of equipment using a federal grant from FEMA for most of the funding. The capital outlay budget was not increased to reflect this change. When the Township becomes aware of significant changes which will impact the budget, we would recommend that appropriate amendments to budgeted amounts be made.

Overall, the Township does an excellent job with its budgeting. We encourage the Supervisor and Board to continue their exemplary work in this area.

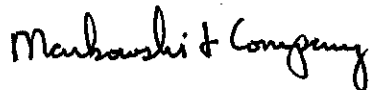
Conclusion:

Napoleon Township officials are to be commended for their attention to finances. The Supervisor, in conjunction with staff, has done an excellent job with the budget process. As a result, Napoleon has not suffered through reductions in services or other cutbacks to balance its budget. The Township is in excellent financial condition, and board members should take pride in that fact.

It has been a pleasure serving the Township during this past year. **It should be noted that the late delivery of this report should in no way reflect upon the efforts of the Township staff.** The delays in completing this year's audit were primarily due to the auditor, and for that we apologize. It is our intention to begin the 2006 audit prior to Labor Day, and complete the audit process much sooner. This will be possible due to changes in our client roster, and continued development of our audit staff. We certainly expect scrutiny from the Board following our performance this year, but are confident that we can continue in a productive relationship in the future.

If anyone has questions regarding the items discussed in this memorandum, or if we can be of assistance with the implementation of any suggested changes, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Markowski & Company".

MARKOWSKI & COMPANY CPAs
March 24, 2006